

Appendix O

Brian Walsh's Presentation on the Federal Oil Spill Liability Trust Fund

Overview of the Oil Spill Liability Trust Fund

South Dakota Underground
Pipeline Task Force
August 14, 2008

Introduction

- The Oil Spill Liability Trust Fund (fund) was created by Congress in 1986 and its use was authorized by the signing of the Oil Pollution Act in 1990.
- The fund, managed by the U.S. Coast Guard, is established as a funding source to pay for cleanup costs and damages resulting from oil spills or threats of oil spills to navigable waters of the United States.

Major Fund Components

- First, the emergency fund. The emergency fund is available for Federal On-Scene Coordinators to respond to oil discharges and for Federal natural resource trustees to initiate resource damage assessments. This portion of the fund receives an annual \$50 million apportionment. The Coast Guard has the authority to automatically advance an additional \$100 million into the emergency fund each year to supplement shortfalls.
- Second, the remaining Principal Fund balance is used to pay claims and to fund appropriations by Congress to Federal agencies to administer the provisions of the Oil Pollution Act and support research and development.

Who Can Access the Fund?

- All Federal On-Scene Coordinators
- Other Federal, State, Local, and Indian tribal government agencies that assist the Federal On-Scene. Assisting agencies may be reimbursed for their costs.
- Federal Natural Resource Trustees
- Claimants – individuals, corporations, and governments can submit claims for uncompensated removal costs and damages if the responsible party does not satisfy their claim.

Limitations to Accessing the Fund

- The release or threat of release must be into or on the navigable waters of the United States
- The discharge must be oil
- In general, the maximum amount expendable from the fund per incident is \$1 billion.

Responsibility of the Responsible Party to a Spill

- When an oil spill occurs, the responsible party is responsible for complete cleanup of the spill.
- If the responsible party does not fully remove the spill and the Federal On-Scene Coordinator responds to the spill the responsible party will be later billed for all Federal response costs.

Funding

- The fund balance on April 27, 2006 was \$662 million.
- The following is the projected end of year fund balance based on the barrel tax and historical expenditures:
 - 2008 - \$1,030,009,455
 - 2009 - \$1,107,363,831
 - 2010 - \$1,227,242,256
 - 2011 - \$1,345,434,782
 - 2012 - \$1,468,866,674
 - 2013 - \$1,601,770,189
 - 2014 - \$1,744,565,195

EPA's Use of the Fund in South Dakota

- In the early 1990's EPA used monies from the fund to cleanup a coal tar spill in the Big Sioux River at Fawick Park in Sioux Falls.

Questions?